



Volkswagen Settlement

Introduction

The State of Utah will become a beneficiary of over \$35 million from the Volkswagen (VW) Environmental Mitigation Trust, part of a settlement with VW for violations of the Clean Air Act. The Governor has designated the Utah Department of Environmental Quality (DEQ) as the lead agency to administer this funding, including the development of an Environmental Mitigation Plan (EMP). The EMP will identify projects that will be funded to reduce diesel emissions from certain vehicles/equipment. DEQ will use this website to communicate with the public on EMP development.

Background

Volkswagen (VW) has admitted to secretly installing illegal software on:

- Approximately 500,000 vehicles, engine model years 2009-2015, with 2.0-liter diesel engines
- Approximately 80,000 vehicles, engine model years 2009-2016, with 3.0-liter diesel engines.

The software “cheats” engine certification and emissions testing by producing results that comply with federal law during testing, but emit up to 40 times the allowable nitrogen oxides (NOx) emissions under normal driving conditions.

To settle these violations, VW agreed to pay \$15.7 billion. The settlement has three components:

- Buyback or emissions modifications on at least 85 percent of the affected vehicles
 - \$10.8 billion
- Zero-Emission-Vehicle Investment
 - \$2 billion to promote the use of zero-emission vehicles and infrastructure
- Environmental Mitigation Trust
 - \$2.9 billion intended to fully mitigate the excess NOx emissions from the 2.0-liter and 3.0-liter subject vehicles

Impact in Utah

Excess NOx emissions from the affected VW, Audi, and Porsche vehicles are estimated to be up to 230.1 tons-per-year statewide. Approximately 70 percent of the affected vehicles are registered in the seven counties designated as nonattainment for the National Ambient Air Quality Standards for PM_{2.5} (Box Elder, Cache, Davis, Salt Lake, Tooele, Utah, and Weber).

Comment [LB1]: <https://www.epa.gov/sites/production/files/2016-10/documents/amended20lpartial-cd.pdf>

Comment [LB2]: <https://www.epa.gov/sites/production/files/2016-12/documents/30literpartialconsentdecree.pdf>

Comment [LB3]: <https://www.epa.gov/sites/production/files/2016-10/documents/amended20lpartial-cd.pdf>

Comment [LB4]: <https://www.vwcourtsettlement.com/en/>

Comment [LB5]: <https://www.vwcourtsettlement.com/en/docs/DOJ/Approved%20Appendix%20C.pdf>

Comment [LB6]: <https://www.vwcourtsettlement.com/en/docs/DOJ/Approved%20Appendix%20D.pdf>

- **NOx emissions inventory data for the State's nonattainment areas.**

Comment [LB7]: Hyperlink to file, "NOxInventories_Utah.pdf"

Approximately 7,000 vehicle in Utah were affected by the cheat device on VW vehicles

- 2.0-liter diesel VW vehicles (engine-model years 2009-2015): 5,983 statewide
- 3.0-liter diesel VW, Audi, or Porsche vehicles (engine-model years 2009-2016): 1,030 statewide

Utah's total allocation from the settlement is \$35,177,506.

Utah's Diesel-Emission-Reduction Accomplishments

- **Utah Clean Diesel Program**
- An additional \$7 million from the VW Settlement has been allocated for school bus replacements

Comment [LB8]: Hyperlink to file, "Accomplishments_FY0-16.pdf"

Comment [LB9]: Hyperlink to file, "AccomplishmentsFY08-16.pdf"

Statement from the Utah Department of Environmental Quality's Executive Director, Alan Matheson

"The Utah Department of Environmental Quality (DEQ), the lead agency for the VW Environmental Mitigation Trust, from which the State of Utah is slated to receive over \$35 million, has begun a careful assessment of the eligible mitigation actions to determine which projects will provide the most benefit to the State.

Much of the area along the Wasatch Front has been reclassified by the Environmental Protection Agency (EPA) from moderate to serious nonattainment for 24-hour PM 2.5. This requires more robust efforts for the State to demonstrate attainment of the National Ambient Air Quality Standards. Therefore, it is important that the use of this funding results in significant and measurable emissions reductions and supports activities that will have long-term air quality benefits.

Comment [LB10]: link to: <https://deq.utah.gov/Pollutants/P/pm/p25/serious-area-state-implementation-plans/index.htm>

To ensure DEQ creates a plan that includes the most effective use of these funds, several factors will be considered, including potential emissions reductions, long-term air quality benefits, viable projects received through the Request for Information process, input from the public, and recommendations from the VW Advisory Committee.

Comment [LB11]: Hyperlink to file, "VW_InteractiveCalculator.pdf"

Comment [LB12]: Hyperlink to file, "RFIStatement.docx"

Comment [LB13]: Hyperlink to Public Input section below.

Comment [LB14]: Hyperlink to file, "VWAdvisoryCommitteeSummary.docx"

Comment [LB15]: Hyperlink to file, "Eligible Mitigation Actions_Funding Amts.pdf"

The VW Settlement provides a unique opportunity to reduce emissions from mobile sources by upgrading diesel fleets to the most stringent emissions standards. DEQ looks forward to working with fleet owners on projects that will improve air quality."

Eligible Projects for NOx Mitigation

1. Engine or Vehicle/Equipment replacements of the following:

Comment [LB16]: Hyperlink to file, "Weight_Class-8.jpg"

- **Class 8 Local Freight Trucks (engine-model years 1992-2009)**
- Class 4-8 school bus, shuttle bus, or transit bus (engine-model year 2009 or older)
- Freight Switchers (pre-Tier 4 switcher locomotives that operate 1000 or more hours/year)

- **Class 4-7 Local Freight Trucks (engine model years 1992-2009)**
- Airport Ground-Support Equipment (Tier 0, Tier 1, Tier 2 diesel-powered airport ground-support equipment and 3 g/bhp-hr or higher emissions, spark-ignition-engine-powered airport ground-support equipment)
- Forklifts (greater than 8,000 pound lift capacity)

Comment [LB17]: Hyperlink to file, "Weigh_Class-4-7.jpg"

2. Light Duty Zero-Emission Vehicle Supply Equipment

- Light-duty electric-vehicle equipment, including Level 1, Level 2 or fast-charging equipment located in a public place, workplace or multi-unit dwelling
- Light-duty hydrogen-fuel-cell vehicle supply equipment – hydrogen-dispensing equipment

(Up to 15 percent of the Trust Fund allocation may be used to fund necessary costs for and directly connected to the acquisition, installation, operation, and maintenance of new light-duty, zero-emission vehicle supply equipment).

3. Vehicles/equipment eligible through the Diesel Emission Reduction Act (e.g., commuter rail locomotives, non-road diesel equipment)

Comment [LB18]: <https://www.epa.gov/sites/production/files/2017-01/documents/vw-dera-option-eligible-mitig-compar-2017-01.pdf>

4. Ocean-going vessels, shorepower, and ferries/tugs (not applicable in Utah).

Potential Emissions Reductions and Cost Estimates Using Interactive Calculator

Comment [LB19]: Hyperlink to file, "VW_InteractiveCalculator.xlsx"

Consent Decree Parameters

- The funds may only be used for "eligible mitigation actions" to offset excess nitrogen oxide ("NOx") emissions from noncompliant 2.0-liter and 3.0-liter diesel Volkswagen and Audi vehicles.
- Up to one-third of funds may be requested initially; up to another third may be requested one year after the Trust Effective Date (TED); and the final third may be requested two years after the TED.
- All funds are to be expended by ten years after the TED, or they revert back to the Trust, and will be reallocated by the Trustee to those states that spent 80 percent of their first allocation.
- All eligible vehicles replaced with these funds must be scrapped.
- Vehicles may be repowered or replaced with any new diesel engine, alternate-fueled engine or all-electric engine.
- Non-government vehicles qualify for 25 to 75 percent of replacement costs and 40 to 75 percent of repowered costs.
- Mitigation funds may cover 100 percent of costs to repower or replace government vehicles.
- Mitigation funds may cover 25 to 100percent of light-duty, zero-emission vehicle supply equipment.

VW Settlement Timeline

(Dates are approximate and subject to change)

Events	Approximate Time Frame
Court Approves Settlement	Oct-16
Wilmington Trust selected as Trustee for the \$2.9 billion Environmental Mitigation Trust	Mar-17
Environmental Mitigation Trust becomes effective or Trust Effective Date (TED)	TBD
The State of Utah certifies to become a beneficiary identifying the Utah Department of Environmental Quality as the Lead Agency Trustee notifies the State of Utah of beneficiary designation	60 days after TED
Utah submits Environmental Mitigation Plan	90 days after being deemed a beneficiary
Utah may begin requesting funds from Trust	Early 2018
Utah begins to receive funds	2018

Comment [CMO20]: no need for commas between the month and year :-)

Public Input

The Utah Department of Environmental Quality is seeking public input on the VW Environmental Mitigation Plan for the State of Utah **for 30? 45? 60? days**. To participate, fill out the following information and submit:

*Please note: As a fuel-neutral agency, UDEQ is not considering input for fuel types. Selected participants will be allowed to choose their preferred fuel at the time of repower or replacement

(An example from the state of Idaho's website):

First Name *

Last Name *

Title *

Affiliation *

Street Address *

City *

County *

Zip *

Email *

Phone Number *

Which eligible mitigation action categories should be considered for funding through the VW Settlement for Utah's Environmental Mitigation Plan? *

- ☐ Class 8 Local Freight Trucks
- ☐ Class 4-8 School Buses, Shuttle Buses, or Transit Buses
- ☐ Freight Switchers
- ☐ Class 4-7 Local Freight Trucks
- ☐ Airport Ground Support Equipment
- ☐ Forklifts
- ☐ Light Duty Zero Emission Vehicle Supply Equipment
- ☐ Diesel Emission Reduction Act Option

Comments / Proposed Projects: Include proposed activity, vehicles/equipment type(s) & quantity, vehicle model year(s), approximate cost, economic/community impact.

Thank you.

Other Resources:

Frequently Asked Questions for Beneficiaries

VW's Official Informational Website

VW's ZEV Investment

VW's information about its investment in ZEV, per Appendix C of VW Settlement

VW Information from Federal Trade Commission

Contact:

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Comment [LB21]: <https://www.epa.gov/sites/production/files/2016-11/documents/faqsecondedition.pdf>

Comment [LB22]: <https://www.vwcourtsettlement.com/en/>

Comment [LB23]: <https://www.electrifyamerica.com/>

Comment [LB24]: <https://www.vwcourtsettlement.com/en/docs/DOJ/Approved%20Appendix%20C.pdf>

Comment [LB25]: <https://www.ftc.gov/enforcement/cases-proceedings/refunds/volkswagen-settlement>

Comment [LB26]: Hyperlink to email address, lburr@utah.gov